IronClad Mining Limited

ABN 79 124 990 405

And Controlled Entities

Interim Financial Report
For the half-year ended
31 December 2012

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2012 and any public announcements made by IronClad Mining Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN
Ian D. Finch

MANAGING DIRECTOR
Robert J. Mencel

NON-EXECUTIVE DIRECTORS
Neil W. McKay
Peter W. Rowe

COMPANY SECRETARY
Neil W. McKay

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STOCK EXCHANGE LISTING
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(Home Exchange: Perth, Western Australia)
Code: IFE

BANKERS
Westpac Banking Corporation
Murray Street
West Perth, WA 6005

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DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2012.

Directors

The names of the Company's Directors who held office since the start of the financial period to the date of this report are:

Mr. Ian Finch
Robert J. Mencel – appointed on 1 January 2013
Wayne W.H. Richards – resigned on 27 July 2012
Mr. Neil McKay
Mr. Peter Rowe

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Neil McKay — Bachelor of Business

Dividends

No dividends were paid or declared during the half year or in the period to the date of this report.

Principal Activities

The principal activities of the Group during the course of the half-year were mineral exploration and project development. There has been no change in these activities during the financial period.

Review of Operations

Overview

IronClad Mining Limited ("IronClad") has been engaged primarily in exploration and project development activities on its Wilcherry Hill Iron Project in the northern Eyre Peninsula of South Australia over the past six months.

Highlights of the reported progress include:

- **DSO grades found at Black Hills West.**
- **Completion of preliminary design for the port.**
- **Successful commissioning of the revolver devices at Port Adelaide, ready for the seaborne simulation trial scheduled for early 2013.**
- **A Development Application amendment for changes to the location of transhipment points in the Spencer Gulf was submitted under Section 49 of the South Australian Development Act by the South Australian Government, this will reduce the barging times and increase efficiency for the transhipment loading.**
- **Section 49 Sponsorship for the remaining Development Application amendment covering the addition of the buffer storage facility and changes to the harbour loading facility is expected to be granted in early 2013.**

DIRECTORS' REPORT

Project Progress

Project Development

Wilcherry Hill Iron Project

Mineral Resource Estimate

The results from the successful DSO infill and exploration drilling campaign completed in September have been used in revising the Mineral Resource. Updates have been carried out for the principal deposits Weednanna (WDA), Weednanna North (WDN) and Ultima Dam East (UDE).

From a DSO perspective, the 55% to 60% grade range together with all higher grade ranges indicate a resource of 2,041,320 tonnes at an average grade of 58.7%Fe. The 50% to 55% grade ranges together with all higher grade ranges indicate a resource of 3,962,931 tonnes at an average grade of 55.6% Fe.

These resource figures will now form the basis for new (DSO) mining optimisation studies including an updated DSO mining reserve.

Mining

Mining consultants were engaged to carry out a number of mining studies in support of the planned mining operation at the Wilcherry Hill Iron Project.

Three (3) bodies of work were completed.

- Geotechnical Engineering Data Review
- Direct Shipping Ore (DSO) Reserve Estimate
- Whittle Optimisations – Mineral Processing Options

Geotechnical Review

Review was undertaken on the existing geotechnical investigation and design work, to provide recommendations on the potential to optimise earlier pit designs.

The preliminary assessment of the existing geotechnical report and data indicated a comprehensive analysis process had been undertaken. The level of geotechnical data collected and interpreted was considered to be good. The data can be carried forward into future design studies.

Further optimisation of the existing mine design parameters will be considered when a decision to commence mining operations is made.

DSO Reserve Estimate

A DSO Reserve estimate was commenced incorporating the current iron ore price outlook and updated project costs. DSO extraction is envisaged as the first stage in developing a sustainable mining operation at Wilcherry Hill.

The additional infill drilling completed in the September quarter and an updated geological interpretation and Mineral Resource estimate formed the basis for this study.

The study was conducted for the three principal deposits Weednanna, Ultima Dam East and Weednanna North and comprised:

- Review of all information for JORC Reserve reporting requirements.
- Pit optimisation studies include sensitivity and risk analyses using Whittle Four-X
- Pit design alternatives
- High level mining schedules, to ensure mine plans are technically achievable and economically viable. All modifying factors were considered.

Sensitivities were carried out on production rate, price, mining cost, processing cost, selling cost, and pit slope parameters. Three iron (Fe) product grade scenarios were investigated viz.: 60%, 58% and 56%.

DIRECTORS' REPORT

Whittle Optimisations – Mineral Processing Options

A number of optimisations, using Whittle Four -X were completed. These optimisations were designed to investigate the optimal path to progress from DSO mining through to mining material requiring beneficiation through either dry magnetic separation (DMS) or gravity separation (GS).

Optimisations scenarios that were investigated as part of this work were:

1) DSO, DMS or GS + stockpile.
2) DSO or GS + stockpile.
3) DSO or DMS + stockpile.

Sensitivities were carried out on production rate, price, mining cost, processing cost and selling cost. Three final Fe product grade scenarios were investigated viz.: 60%, 58% and 56%.

Optimisation will be completed early next quarter. It is intended to select a limited number of economically attractive options for detailed pit design and scheduling.

Processing

Design work on the gravity separation plant and associated tailings dam has been put on hold pending further interpretation of drill results and pit designs.

Logistics and Infrastructure

Preliminary design of the revised port facilities at Lucky Bay was completed.

Current survey data was collected at the site of the proposed offshore vessel moorings to allow detail design of moorings for Panamax and Cape size ships. The revolver container transhipping devices were successfully commissioned at Port Adelaide and are ready for use in a planned simulation trial before being placed in service. A full seaborne simulation trial is planned for January to February 2013.

Fabrication of the powered barge in China is nearing completion with launch scheduled for mid-January. Univan from Hong Kong have been appointed to represent IronClad and oversee the final inspection, commissioning and sea trials.

Marketing of the tug Demi Maddison and the powered barge is continuing using specialist ship brokers.

Health, Safety, Environment and Community

There were no lost time incidents during this reporting period. Indigenous heritage clearances were completed for DSO exploration targets at Zealous, Black Hills West and the Hercules deposit. The completion of these clearances allowed exploration to proceed on schedule.

A Development Application (DA) amendment for changes to the location of transhipment points in the Spencer Gulf was submitted in August 2012 sponsored under Section 49 of the South Australian Development Act by SA Government Department of Transport, Energy and Infrastructure (DTEI). This amendment was sought to allow the transhipment points to be located closer to shore reducing barging times and increasing efficiency and capacity of loading.

In September the Company also reported that it was seeking Section 49 sponsorship for the remaining Development Application (DA) amendments covering the addition of the buffer storage facility and changes to the harbour loading facility. Discussions were opened with the Department of Manufacturing, Trade, Resources and Energy (DMITRE) during the quarter with sponsorship expected to be given in early 2013.

During the period, the Company completed extensive air quality and noise modelling studies, and sought senior legal opinion on the proposals qualification for sponsorship under Section 49. This was carried out to inform government and give support to the sponsorship application. Full written support was received from the District Council of Franklin Harbour, the District Council of Kimba and Regional Development Australia Whyalla & Eyre Peninsula.

DIRECTORS' REPORT

Exploration Projects

Ongoing exploration activities were undertaken during the quarter to identify additional high grade, low cost iron resources suitable as direct shipping ore (DSO).

The Zealous and Black Hill West prospects have previously been identified as prospective for near surface DSO, were drilled during the period. The drilling program comprised 10 reverse circulation (RC) holes for 533m at ZLS and 23 (RC) holes for 1,340m of drilling at BHW.

No mineralisation suitable as DSO was identified at Zealous. Of the 10 holes drilled, 6 intersected goethitic mineralisation. A vertical to steep dip is indicated with a 330^{o} strike orientation. The iron mineralisation intersected has an indicated strike length of 150m with a true width of 15m – 20m. It is open to the North and South and at depth. Further drilling is warranted as a potential target for mineralisation suitable for upgrade via beneficiation processes.

DSO grades were encountered at Black Hill West. Drilling identified a zone of near surface hematite/ goethite mineralisation transitioning at depth to more magnetite dominant. The mineralisation style is similar to the skarn style observed at the Wilcherry Hill Iron Project. The mineralised zone is open to the east. Approximate current dimensions are 150 m strike and 60m depth extent. True width varies from 1m up to 20m. A Resource estimate is planned for the next quarter.

Only one of two adjacent, intense aeromagnetic anomalies at the Black Hill West prospect have been drilled to date (Figure 2). The prospects drilled represent 2 out of the 30 targets identified to date as having potential for near surface DSO. Field evaluation of these areas continues.

The high quality aeromagnetic data covering the JV tenement areas will be reviewed and selectively reprocessed to assist in prioritising evaluation of the DSO targets.

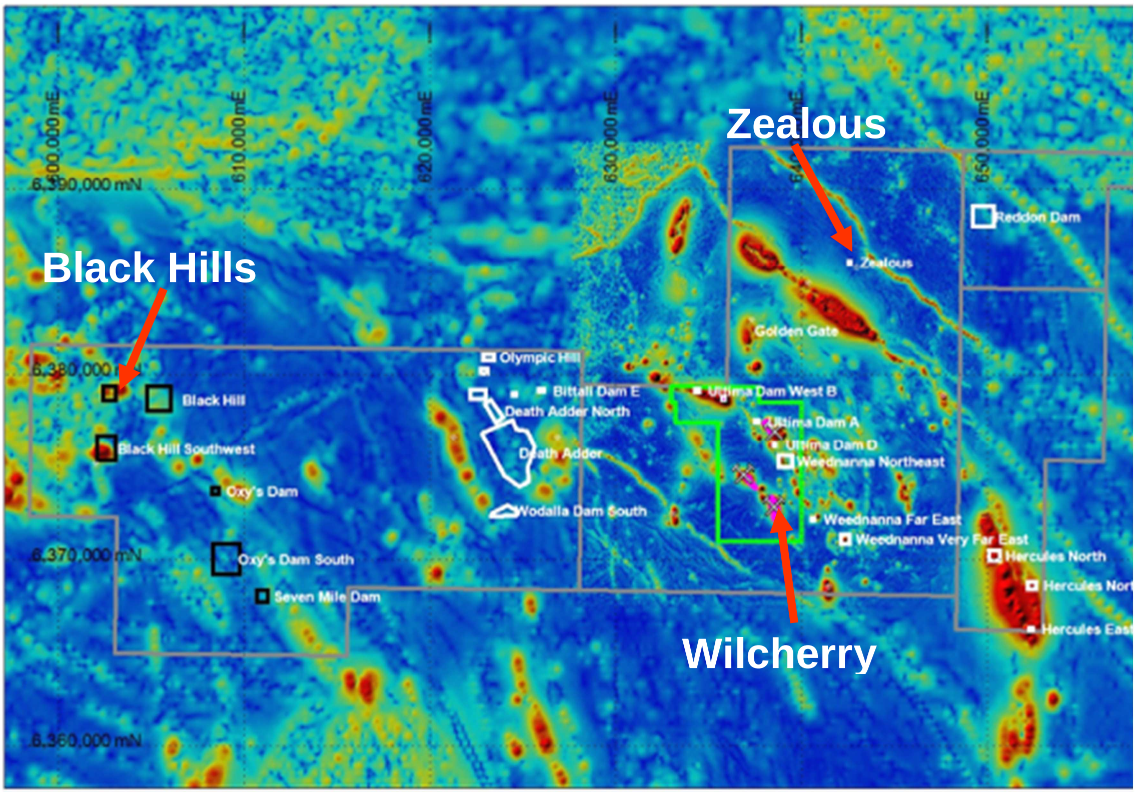

Figure 1: Locality of Zealous and Black Hills West to Wilcherry Hill

DIRECTORS' REPORT

Hercules

During the period, an infill 62m x 125m spaced gravity survey was completed over the prospective Banded Iron Formation stratigraphy. Subsequent geophysical modelling of the data by IronClad consultants has identified extensive anomalous gravity zones. A series (287) of gravity bodies have been modelled of which 60 – 70 are within 150m of surface and regarded as prospective non-magnetic iron rich targets. This data has provided a basis for drill hole planning as an adjunct to the existing geology and magnetic data.

The planned 2,500m drilling program at Hercules will commence early in the next quarter. With a strike length of 10 km of prospective stratigraphy the program will test for extensions to the known near surface DSO grade mineralisation that forms part of the Inferred Mineral Resource (194Mt @ 27.1% Fe – ASX Release 22nd December 2008).

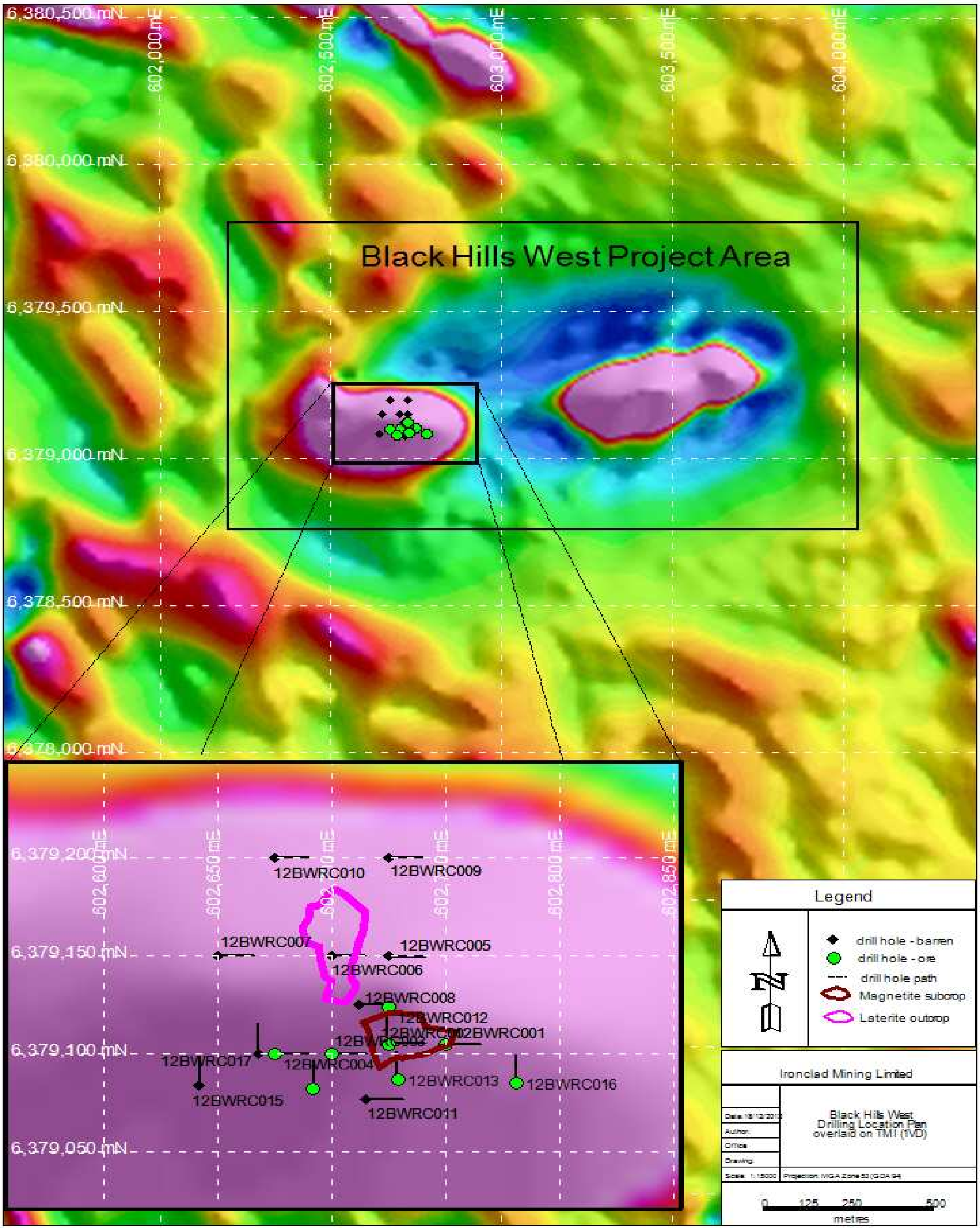

Figure 2: Black Hills West Project Area Location and Drill hole Layout

DIRECTORS' REPORT

Corporate

On 31 August 2012, 320,000 options with exercise price of $1.50 and 80,000 options with exercise price of $2.00 lapsed. On 31 October 2012, 400,000 options with exercise price of $0.75 lapsed.

Operating Results

The Group's loss for the six month period after providing for income tax amounted to $1,240,987 (2011: $1,290,807).

Significant Changes in State of Affairs

In the opinion of the Directors there are no significant changes in the state of affairs of the Group that occurred during the half year period under review not already disclosed in this report, the financial statements or notes attached thereto.

Significant Events After Balance Date

Robert Mencel was appointed as Managing Director effective 1 January 2013.

Mr. Mencel joined IronClad as Chief Operating Officer in April 2012. Since August 2012 he has also been the acting Chief Executive Officer. Mr. Mencel holds a Bachelor of Engineering in Mining Engineering and a Masters in Business Administration. He has previously held senior positions with Mount Gibson Iron, Tenix Projects, Tenix Defence, Western Mining Corporation and Normandy Mining (now Newmont).

Competent Persons Statement

The information in the Directors Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Mroczek, who is the Chief Geologist of IronClad Mining Limited and a Member of the Australian Institute of Mining and Metallurgy and who has more than five years experience in the field of activity being reported on.

Mr. Mroczek has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Mroczek consents to the inclusion in the Directors Report of the matters based on his information in the form and context in which it appears.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 of the Financial Report for the half-year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors.

Ian D. Finch
Chairman
Perth, 15th day of March 2013

Bentleys
THINKING AHEAD

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Ironclad Mining Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 15th day of March 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012	**31 December 2011**
	$	**$**
Revenue	222,871	117,635
Administration expense	(72,683)	(54,202)
Consultancy expenses	(108,976)	(517,901)
Compliance & regulatory expenses	(43,918)	(37,223)
Director fees	(48,853)	(46,018)
Depreciation and amortisation expense	(9,685)	-
Finance costs	(134,118)	(4,787)
Legal fees	(33,958)	(51,511)
Occupancy costs	(94,610)	(57,511)
Share based payment income / (expense)	-	(51,994)
Public relations cost	(47,744)	(83,212)
Staff costs expenses	(609,439)	(348,855)
Exploration costs written off	(184,888)	(43,046)
Other expenses from ordinary activities	(74,986)	(112,182)
Loss before income tax expense	(1,240,987)	(1,290,807)
Income tax expense	-	-
Net Loss for the period	**(1,240,987)**	**(1,290,807)**
Other comprehensive income	-	-
Total Comprehensive income for the period	**(1,240,987)**	**(1,290,807)**
Basic loss per share (cents per share)	(1.15)	(1.71)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	31 December 2012 $	30 June 2012 $
CURRENT ASSETS			
Cash and cash equivalents	2	5,857,595	8,537,019
Trade and other receivables		139,455	871,006
Assets held for sale	3	6,258,497	-
TOTAL CURRENT ASSETS		12,255,547	9,408,025
NON-CURRENT ASSETS			
Trade and other receivables		448,535	5,951,735
Property, plant and equipment	4	7,778,464	12,890,879
Exploration and evaluation expenditure		-	-
Mine development expenditure	5	14,897,517	10,223,301
TOTAL NON-CURRENT ASSETS		23,124,516	29,065,915
TOTAL ASSETS		**35,380,063**	**38,473,940**
CURRENT LIABILITIES			
Trade and other payables		1,745,887	2,640,128
Borrowings	7	830,061	1,818,281
Provisions		189,159	146,941
TOTAL CURRENT LIABILITIES		2,765,107	4,605,350
TOTAL LIABILITIES		**2,765,107**	**4,605,350**
NET ASSETS		**32,614,956**	**33,868,590**
EQUITY			
Issued capital	8	69,365,042	69,377,689
Option Reserves		2,798,524	2,798,524
Accumulated Losses		(39,548,610)	(38,307,623)
TOTAL ENTITY INTEREST		**32,614,956**	**33,868,590**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2012	**69,377,689**	**(38,307,623)**	**2,798,524**	**33,868,590**
Loss for the period	-	(1,240,987)	-	(1,240,987)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,240,987)	-	(1,240,987)
Transaction with owners, in the capacity as owners, and other transfers				
Options issued during the period	-	-	-	-
Shares issued during the period	-	-	-	-
Transaction costs	(12,647)	-	-	(12,647)
Balance at 31 December 2012	**69,365,042**	**(39,548,610)**	**2,798,524**	**32,614,956**

	Issued Capital	Accumulated Losses	Reserves	Total
Balance at 1 July 2011	**45,207,663**	**(36,352,699)**	**2,746,530**	**11,601,494**
Loss for the period	-	(1,290,807)	-	(1,290,807)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,290,807)	-	(1,290,807)
Transaction with owners, in the capacity as owners, and other transfers				
Options issued during the period	-	-	51,994	51,994
Shares issued during the period	-	-	-	-
Transaction costs	(16,759)	-	-	(16,759)
Balance at 31 December 2011	**45,190,904**	**(37,643,506)**	**2,798,524**	**10,345,922**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012 $	31 December 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,182,772)	(1,174,557)
Payments for exploration and evaluation activity	(184,888)	(43,046)
Interest received	228,697	196,399
Interest and other charges paid	(135,161)	(911)
Research and development rebate and other income	716,762	700,538
Net cash used in operating activities	(557,362)	(321,577)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,634,135)	(5,399,075)
Net receipt on security deposits	5,503,200	-
Development of mineral tenements	(4,980,428)	(5,257,934)
Net cash used in investing activities	(1,111,363)	(10,657,009)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment of) borrowings	(998,055)	1,010,458
Proceeds from issue of shares	-	-
Fundraising costs	(12,648)	(25,577)
Net cash provided by (used in) financing activities	(1,010,703)	984,881
Net increase (decrease) in cash held	(2,679,428)	(9,993,705)
Cash and cash equivalents at 1 July	8,537,019	10,042,567
Effects of exchange rates on cash holdings in foreign currencies	4	(29)
Closing Cash and Cash Equivalents	5,857,595	48,833

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below, and the change in accounting policy as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively and the application of the amendments to AASB 101 do not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Change in Accounting Policies and Disclosures

Exploration and evaluation expenditure

In the current reporting period the Accounting Policy for reporting and disclosing exploration and evaluation expenditure has changed. All exploration and evaluation expenditure is now expensed as incurred in accordance with the following disclosure. The directors are of the opinion that the change in accounting policy is both in line with Australian Accounting Standards and provides the users with reliable and relevant information. The change in policy is irrespective of whether or not the Board believe expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.

Policy:

Exploration and evaluation activity involves the search for mineral and, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation activity includes:

- researching and analysing historical exploration data
- gathering exploration data through topographical, geochemical and geophysical studies
- exploratory drilling, trenching and sampling
- determining and examining the volume and grade of the resource
- surveying transportation and infrastructure requirements
- conducting studies such Scoping, Pre-feasibility, Feasibility and Bank Feasibility Studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the income statement. Exploration and evaluation expenditure is charged to the income statement as incurred except where the exploration and evaluation activity is within an area of interest which was previously acquired in a business combination and measured at fair value on acquisition, or where the existence of a commercially viable mineral deposit has been established.

All acquired exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. Exploration areas at which reserves have been discovered but require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement. Cash flows associated with exploration and evaluation expenditure (comprising both amounts expensed and amounts capitalised) are classified as operating activities in the cash flow statement.

Effects of Change in Accounting Policy for Exploration and Evaluation

Had the new accounting policy in relation to exploration and evaluation expenditure always been applied, the following table demonstrates the effect of this change.

	Restated 30/06/12 $	**Change $**	**Previously Reported 30/06/12 $**
Balance Sheet			
Mine Development Expenditure	10,223,301	(16,800,039)	27,023,340
Property, plant and equipment	12,890,879	-	12,890,879
Exploration and evaluation expenditure	-	(14,260,080)	14,260,080
Accumulated losses	(38,307,623)	(31,060,119)	(7,247,504)

	Restated 31/12/11 $	**Change $**	**Previously Reported 31/12/11 $**
Income Statement			
Exploration and evaluation expenditure	(43,046)	(43,046)	-
Net loss attributable to members	(1,290,807)	(43,046)	(1,247,761)
Loss per share (in cents)	(1.71)	(0.06)	(1.65)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Group incurred a loss for the period of $1,240,987 (2011: $1,290,807) and net cash outflows from operating activities of $557,362 (2011: $321,577).

As at 31 December 2012, the Consolidated Group has a working capital of $9,490,440 (30 June 2012: $4,802,675).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure additional funds and developing its mineral assets. These conditions indicate material uncertainty that may cast doubt about the ability of the Group to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Directors have an appropriate plan to raise additional funds as and when they are required. In light of the Group's current exploration and project development, the Directors believe that the additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

Should the Group not achieve the matters set out above, there is uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

	31 December 2012 $	**30 June 2012 $**
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	16,493	19,701
Short-term bank deposits	5,841,102	8,517,318
	5,857,595	**8,537,019**

Cash at bank and short term bank deposits earn interest at floating rate based on daily bank deposit rates.

NOTE 3: ASSETS HELD FOR SALE

Transfer from Property, Plant and Equipment – Assets Under Construction:		
57m barge	3,982,085	-
Tug boat	2,276,412	-
	6,258,497	**-**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012 $	30 June 2012 $
NOTE 4: PROPERTY, PLANT AND EQUIPMENT		
RESIDENTIAL CAMP		
At cost	5,056,585	5,056,651
Accumulated depreciation	-	-
	5,056,585	**5,056,651**
(a) Reconciliation		
Carrying amount at beginning of period	5,056,651	-
Transfer from assets under construction	-	5,056,651
Transfer to mine development expenditure	(66)	-
Depreciation expense	-	-
Carrying amount at end of period	**5,056,585**	**5,056,651**
PLANT AND EQUIPMENT		
At cost	849,370	696,648
Accumulated depreciation	(527,904)	(432,624)
	321,466	**264,024**
(b) Reconciliation		
Carrying amount at beginning of period	264,024	181,507
Additions	152,722	208,046
Depreciation expense	(95,280)	(125,529)
Carrying amount at end of period	**321,466**	**264,024**
UNDER CONSTRUCTION		
At cost	2,400,413	7,570,204
Accumulated depreciation	-	-
	2,400,413	**7,570,204**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012 $	30 June 2012 $
NOTE 4: PROPERTY, PLANT AND EQUIPMENT (CONT'D)		
(b) Reconciliation		
Carrying amount at beginning of period	7,570,204	2,758,496
Additions:		
Tug boat	88,095	1,061,238
Barge	878,000	3,104,085
Residential camp	-	3,460,234
Rotainer and container	96,089	907,252
Processing facility	26,522	1,335,550
Transfer residential camp at completion	-	(5,056,651)
Transfer to assets held for sale:		
57m barge	(3,982,085)	-
Tug boat	(2,276,412)	-
Depreciation expense	-	-
Carrying amount at end of period	**2,400,413**	**7,570,204**

There is no plant and equipment of the Group that has been pledged as collateral.

NOTE 5: MINE DEVELOPMENT EXPENDITURE		
Carrying amount at beginning	10,223,301	-
Expenditure incurred during the year	4,674,216	10,223,301
	14,897,517	**10,223,301**

The above costs relate to the development of the Wilcherry Hill iron ore project located in South Australia. The underlying assumption in determining the value of mining development expenditure is based on the assumption that the Group can continue as a going concern and can raise sufficient capital and/or funding as required to develop the project (refer to note 1 - going concern). This represents a material uncertainty, which ultimately may have an impact on the carrying value of this asset.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating tenements where the tenements are considered to form a single project. This is indicated by:

- Having the same ownership structure.
- Exploration being focused on the same mineral or type of mineral.
- Exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the tenements.
- Shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;
- deferred tax assets and liabilities;
- discontinuing operations.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: OPERATING SEGMENTS (CONT'D)

	Wilcherry Joint Venture $	**Coastal Shipping Logistics P/L $**	**Total $**
(i) Segment performance			
Period ended 31 December 2012			
Segment revenue	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue			
Interest received			222,871
Total revenue			**222,871**
Segment result	**(184,888)**	**(297)**	**(185,185)**
Reconciliation of segment result to Group's net loss before tax			
Unallocated items:			
Net corporate charges			(1,046,117)
Depreciation expense			(9,685)
Net loss before income tax			**(1,240,987)**
Period ended 31 December 2011			
Segment revenue	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue			
Net interest received			117,635
Total revenue			**117,635**
Segment result	**(43,046)**	**(95)**	**(43,141)**
Reconciliation of segment result to Group's net loss before tax			
Unallocated items:			
Net corporate charges			(1,195,671)
Option issue forfeited			(51,995)
Net loss before income tax			**(1,290,807)**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: OPERATING SEGMENTS (CONT'D)

	Wilcherry Joint Venture $	Coastal Shipping Logistics P/L $	Total $
(ii) Segment assets			
Period ended 31 December 2012			
Segment assets	22,634,515	6,293,497	28,928,012
Reconciliation of segment result to Group's assets			
Unallocated items:			
Cash and cash equivalents			5,857,595
Trade and other receivables			272,990
Property, plant and equipment			321,466
Total assets			**35,380,063**
Additions to /(Reduction in) segment assets for the period:			
Exploration expenditure	-	-	-
Development Expenditure	4,674,216	-	4,674,216
Capital Expenditure	122,545	966,095	1,088,640
Environmental bond	(5,500,000)	-	(5,500,000)
Net reduction in segment assets	**(703,239)**	**966,095**	**262,856**
Period ended 30 June 2012			
Segment Assets	23,337,754	5,327,402	28,665,156
Reconciliation of segment result to Group's assets			
Unallocated items:			
Cash and cash equivalents			8,537,019
Trade and other receivables			1,007,741
Property, plant and equipment			264,024
Total assets			**38,473,940**
Additions to segment assets for the period:			
Capital expenditure	5,703,037	4,165,323	9,868,360
Mine development expenditure	10,223,301	-	10,223,301
Environmental bond	5,800,000	-	5,800,000
Total additions to segment assets	**21,726,338**	**4,165,323**	**25,895,061**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012 $	30 June 2012 $
NOTE 7: BORROWINGS		
Loan from related entity		
Balance at beginning of period	1,818,281	-
Net drawdown / (repayment)	(988,220)	1,818,281
Balance at end of period	**830,061**	**1,818,281**

NOTE 8: ISSUED CAPITAL

		No of shares	Total $
a.	**Movement in fully paid ordinary shares on issue:**		
	Balance at 1 July 2011	75,670,364	45,207,663
	— Exercise of options at $0.75	16,327,448	12,245,587
	— Placement on 10 January 2012 at $0.80	7,500,000	6,000,000
	— Placement on 21 February 2012 at $0.85	3,500,059	2,975,050
	— Placement on 9 March 2012 at $0.85	4,706,000	4,000,100
	— Issued as underwriting fee on 20 April 2012	200,000	145,347
	— Transaction cost relating to share issues	-	(1,196,058)
	Balance at 30 June 2012	**107,903,871**	**69,377,689**
	Balance at 1 July 2012	107,903,871	69,377,689
	Shares issued during the period	-	-
	Transaction cost relating to share issues	-	(12,647)
	Balance at 31 December 2012	**107,903,871**	**69,365,042**

NOTE 9: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since last annual reporting date.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

Robert Mencel was appointed as Managing Director effective 1 January 2013.

Mr. Mencel joined IronClad as Chief Operating Officer in April 2012. Since August 2012 he has also been the acting Chief Executive Officer. Mr. Mencel holds a Bachelor of Engineering in Mining Engineering and a Masters in Business Administration. He has previously held senior positions with Mount Gibson Iron, Tenix Projects, Tenix Defence, Western Mining Corporation and Normandy Mining (now Newmont).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 11: DIVIDEND

No Dividend has been paid during or recommended for the half year ended 31 December 2012.

	31 December 2012	30 June 2012
	$	$
NOTE 12: COMMITMENTS		
Lease Commitments		
Not longer than one year	583,833	615,737
Longer than one year, but not longer than five years	1,223,910	1,478,717
Longer than five years	-	-
	1,807,743	**2,094,454**
Capital Commitments		
Not longer than one year	1,868,278	6,183,429
	1,868,278	**6,183,429**

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 21:
   a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
   b. give a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ian D. Finch
Managing Director
Perth, 15th day of March 2013

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Ironclad Mining Limited

We have reviewed the accompanying half-year financial report of Ironclad Mining Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ironclad Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report
To the Members of Ironclad Mining Limited (Continued)

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ironclad Mining Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a net loss of $1,240,987 during half-year ended 31 December 2012. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Carrying Value of Mining Development Expenditure

Without qualifying our conclusion, we also draw the reader's attention to Note 5 in the financial report which indicates a carrying amount for the Mine Development Expenditure totalling $14,897,517. These costs relate to the development of the Consolidated Entity's Wilcherry Hill iron ore project which is located in South Australia. The successful exploitation of this project is dependant upon the Consolidated Entity securing funding either by debt or equity raising to fully develop the project, or alternatively its sale at an amount greater than the carrying amount. At the date of our report this represents a material uncertainty which may cast significant doubt in relation to the carrying amount of this asset.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

DATED at PERTH this 15th day of March 2013